

# Memorandum

**To:** DEL WALTERS, Director  
JANET BARENTSON, Deputy Director  
MIKEL MARTIN, Region Chief  
BILL HOEHMAN, Region Chief

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**Telephone:** (916) 327-3989

**Website:** [www.fire.ca.gov](http://www.fire.ca.gov)

**From:**   
ANTHONY P. FAVRO  
Chief Auditor  
Office of Program Accountability  
California Department of Forestry and Fire Protection (CAL FIRE)

**Subject:** CAL-Card Audit Follow-Up

As a follow-up to an internal audit of the Department's CAL Card Program completed in June 2008, the Office of Program Accountability (OPA) has asked the programs that responded to the initial audit to provide an update to the corrective action plans they developed. Following is a summary of the corrective actions taken in response to this audit:

Finding 1: CAL-Card Charges were not proper or approved. A review of 99 selected CAL-Card transactions revealed Global Positioning System (GPS) software that was purchased without prior Information Technology Services (ITS) approval; a CAL-Card statement that did not include the final page; a missing meal sign-up sheet for charges for firefighter meals; and various coding errors.

Recommendations: OPA recommended ensuring that purchases that meet ITS guidelines be approved by ITS; that complete and accurate records of CAL-Card statements be maintained; that meal sheets be completed for emergency meals; and that object codes accurately reflect the object of the expenditures.

Corrective Actions: The Business Services Office (BSO) in Management Services already addresses the first three recommendations in its CAL-Card certification training. BSO will continue to emphasize that cardholders and approvers are accountable for ensuring that prior approval and supporting documentation is acquired and maintained in the purchase file. Purchasers will also be reminded to utilize the tools available to them, such as the Object Code List located in the 3600 Accounting Procedures Handbook, to ensure the accurate coding of transactions.

BSO also continues to work collaboratively with the Department's Accounting Office (DAO), the CAL-Card Unit, Unit Program Coordinators, and Unit Finance to document infractions and notify cardholders, approvers, Administrative Officers, and Unit Chiefs of violations. In addition, the Department is currently reviewing a suspension and revocation policy to further enforce compliance with established program guidelines. Management Services recently had one case that, with DAO's identification, resulted in disciplinary action against an employee for violations and a reminder to the unit staff on proper procedures.

Finding 2: There was inadequate separation of duties over the CAL-Card function. CAL-FIRE's CAL-Card program is part of BSO, and there were two CAL-Card Coordinators in BSO with several duties over the program. Review of duty statements revealed duties that may have been incompatible with each other.

Recommendations: OPA recommended that Management Services review the duties statements for BSO CAL-Card Coordinators and reassign conflicting duties.

Corrective Actions: Management Services created a fully-staffed CAL-Card Unit in BSO at the end of 2008, with ongoing permanent budget approval in 2009-10. The four staff and one manager have taken on separated duties, addressing this finding adequately.

Finding 3: BSO did not maintain lists of Unit Coordinators and Approving Officials during the review period, FY 2005/06. However, as per request from the State Controller's Office (SCO), BSO created and provided SCO with a current 2007-2008 CAL-Card Approvers List.

Recommendations: OPA recommended that a current list of Unit Coordinators be maintained at all levels (Unit, related Region Offices, and the CAL-Card Departmental Coordinator at BSO) and that the Departmental CAL-Card Coordinator maintain a list of CAL-Card approvers. OPA also recommended that the list provided to SCO be kept current.

Corrective Actions: In January 2008, Management Services implemented the above recommendations. BSO now maintains a list of statewide approvers and Unit program coordinators, and each unit is responsible for maintaining its own list.

Finding 4: Credit limits were not reduced for CAL-Cards without any activity.

Recommendations: OPA recommended that BSO develop procedures to reduce credit limits for cards with no activity and initiate credit limit reductions to mitigate the credit exposure of the Department.

Corrective Actions: In January 2008, BSO lowered the limit to \$100 on all cardholder accounts that have not been activated, as well as those cards that have not had any activity during the previous six months.

Finding 5: CAL FIRE has issued a large number of CAL-Cards, and cardholders can have more than one CAL-Card. At least 238 employees were granted more than one purchasing CAL-Card; some have up to 11 CAL-Cards. In all, 2,293 CAL-Cards have been issued for approximately 5,400 CAL FIRE employees.

Recommendations: OPA recommended that CAL FIRE re-assess the needs for issuing 2,293 CAL-Cards to its employees and that the Department evaluate the need to assign more than one CAL-Card to an employee.

Corrective Actions: In 2008, CAL FIRE created a working group consisting of statewide departmental representatives to evaluate the program in its entirety, with the goal of improving overall efficiency. The working group is evaluating the number of cards issued within the Department and reviewing which positions (i.e., Forestry Logistic Officers, Purchasing Specialist, CAL CARD (PURCs), Incident Command Team (ICT) members) need cards to meet the Department's procurement needs.

While proposals have been developed, to date there has been no agreement within Department management to systematically reduce cards or change how they are assigned in CAL FIRE.

After reviewing Management Services corrective actions following the 2008 CAL-Card Audit, OPA is pleased to note the progress made towards addressing the recommendations of the audit. We are grateful for the cooperation and assistance extended by staff during this review. The information received from all of the individuals involved helped us to identify needed process improvements in the use of this card. We appreciate their willingness to develop and implement corrective actions to address report findings, and we also commend the creation of a working group to evaluate the program to improve overall efficiency.

ct

cc: Tom Lutzenberger  
Yolanda Rodriguez